

# The New York Times

## Conservative Koch Brothers Turning Focus to Newspapers

By: Amy Choizick – April 20, 2013

---

Three years ago, Charles and David Koch, the billionaire industrialists and supporters of libertarian causes, held a seminar of like-minded, wealthy political donors at the St. Regis Resort in Aspen, Colo. They laid out a three-pronged, 10-year strategy to shift the country toward a smaller government with less regulation and taxes.

The first two pieces of the strategy — educating grass-roots activists and influencing politics — were not surprising, given the money they have given to policy institutes and political action groups. But the third one was: media.

Other than financing a few fringe libertarian publications, the Kochs have mostly avoided media investments. Now, Koch Industries, the sprawling private company of which Charles G. Koch serves as chairman and chief executive, is exploring a bid to buy the Tribune Company's eight regional newspapers, including The Los Angeles Times, The Chicago Tribune, The Baltimore Sun, The Orlando Sentinel and The Hartford Courant.

By early May, the Tribune Company is expected to send financial data to serious suitors in what will be among the largest sales of newspapers by circulation in the country. Koch Industries is among those interested, said several people with direct knowledge of the sale who spoke on the condition they not be named. Tribune emerged from bankruptcy on Dec. 31 and has hired JPMorgan Chase and Evercore Partners to sell its print properties.

The papers, valued at roughly \$623 million, would be a financially diminutive deal for Koch Industries, the energy and manufacturing conglomerate based in Wichita, Kan., with annual revenue of about \$115 billion.

Politically, however, the papers could serve as a broader platform for the Kochs' laissez-faire ideas. The Los Angeles Times is the fourth-largest paper in the country, and The Tribune is No. 9, and others are in several battleground states, including two of the largest newspapers in Florida, The Orlando Sentinel and The Sun Sentinel in Fort Lauderdale. A deal could include Hoy, the second-largest Spanish-language daily newspaper, which speaks to the pivotal Hispanic demographic.

One person who attended the Aspen seminar who spoke on the condition of anonymity described the strategy as follows: "It was never 'How do we destroy the other side?'"

"It was 'How do we make sure our voice is being heard?'"

Guests at the Aspen seminar included Philip F. Anschutz, the Republican oil mogul who owns the companies that publish The Washington Examiner, The Oklahoman and The

Weekly Standard, and the hedge fund executive Paul E. Singer, who sits on the board of the political magazine Commentary. Attendees were asked not to discuss details about the seminar with the press.

A person who has attended other Koch Industries seminars, which have taken place since 2003, says Charles and David Koch have never said they want to take over newspapers or other large media outlets, but they often say “they see the conservative voice as not being well represented.” The Kochs plan to host another conference at the end of the month, in Palm Springs, Calif.

At this early stage, the thinking inside the Tribune Company, the people close to the deal said, is that Koch Industries could prove the most appealing buyer. Others interested, including a group of wealthy Los Angeles residents led by the billionaire Eli Broad and Ronald W. Burkle, both prominent Democratic donors, and Rupert Murdoch’s News Corporation, would prefer to buy only The Los Angeles Times.

The Tribune Company has signaled it prefers to sell all eight papers and their back-office operations as a bundle. (Tribune, a \$7 billion media company that also owns 23 television stations, could also decide to keep the papers if they do not attract a high enough offer.)

Koch Industries is one of the largest sponsors of libertarian causes — including the financing of policy groups like the Cato Institute in Washington and the formation of Americans for Prosperity, the political action group that helped galvanize Tea Party organizations and their causes. The company has said it has no direct link to the Tea Party.

This month a Koch representative contacted Eddy W. Hartenstein, publisher and chief executive of The Los Angeles Times, to discuss a bid, according to a person briefed on the conversation who spoke on the condition of anonymity because the conversation was private. Mr. Hartenstein declined to comment.

Koch Industries recently brought on Angela Redding, a consultant based in Salt Lake City, to analyze the media environment and assess opportunities. Ms. Redding, who previously worked at the Charles G. Koch Charitable Foundation, did not respond to requests for comment.

“As an entrepreneurial company with 60,000 employees around the world, we are constantly exploring profitable opportunities in many industries and sectors. So, it is natural that our name would come up in connection with this rumor,” Melissa Cohlmiya, a spokeswoman for Koch Companies Public Sector, said in a statement last month.

“We respect the independence of the journalistic institutions referenced in the news stories,” Ms. Cohlmiya continued. “But it is our longstanding policy not to comment on deals or rumors of deals we may or may not be exploring.”

One person who has previously advised Koch Industries said the Tribune Company papers were considered an investment opportunity, and were viewed as entirely separate from Charles and David Kochs’ lifelong mission to shrink the size of government.

At least in politically liberal Los Angeles, a conservative paper could be tricky. David H. Koch, who lives in New York and serves as executive vice president of Koch Industries,

has said he supports gay marriage and could align with many residents on some social issues, Reed Galen, a Republican consultant in Orange County, Calif., said.

Koch Industries' main competitor for The Los Angeles Times is a group of mostly Democratic local residents. In the 2012 political cycle, Mr. Broad gave \$477,800, either directly or through his foundation, to Democratic candidates and causes, according to the Center for Responsive Politics. Mr. Burkle has long championed labor unions. President Bill Clinton served as an adviser to Mr. Burkle's money management firm, Yucaipa Companies, which in 2012 gave \$107,500 to Democrats and related causes. The group also includes Austin Beutner, a Democratic candidate for mayor of Los Angeles, and an investment banker who co-founded Evercore Partners.

"This will be a bipartisan group," Mr. Beutner said. "It's not about ideology, it's about a civic interest." (The Los Angeles consortium is expected to also include Andrew Cherng, founder of the Panda Express Chinese restaurant chain and a Republican.)

"It's a frightening scenario when a free press is actually a bought and paid-for press and it can happen on both sides," said Ellen Miller, executive director of the Sunlight Foundation, a nonpartisan watchdog group.

Last month, shortly after L.A. Weekly first reported on Koch Industries' interest in the Tribune papers, the liberal Web site Daily Kos and Courage Campaign, a Los Angeles-based liberal advocacy group, collected thousands of signatures protesting such a deal. Conservatives, meanwhile, welcomed the idea of a handful of prominent papers spreading the ideas of economic "freedom" from taxes and regulation that the Kochs have championed.

Seton Motley, president of Less Government, an organization devoted to shrinking the role of the government, said the 2012 presidential election reinforced the view that conservatives needed a broader media presence.

"A running joke among conservatives as we watched the G.O.P. establishment spend \$500 million on ineffectual TV ads is 'Why don't you just buy NBC?'" Mr. Motley said. "It's good the Kochs are talking about fighting fire with a little fire."

Koch Industries has for years felt the mainstream media unfairly covered the company and its founding family because of its political beliefs. KochFacts.com, a Web site run by the company, disputes perceived press inaccuracies. The site, which asserts liberal bias in the news media, has published private e-mail conversations between company press officers and journalists, including the Politico reporter Kenneth P. Vogel and editors at The New Yorker in response to an article about the Kochs by Jane Mayer.

"So far, they haven't seemed to be particularly enthusiastic about the role of the free press," Ms. Mayer said in an e-mail, "but hopefully, if they become newspaper publishers, they'll embrace it with a bit more enthusiasm."

A Democratic political operative who spoke on the condition of anonymity, said he admired how over decades the brothers have assembled a complex political infrastructure that supports their agenda. A media company seems like a logical next step.

This person said, "If they get some bad press that Darth Vader is buying Tribune, they don't care."